Chapter 10
The Impacts of Omni-Channel Purchasing Behavior on Service Quality

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ABSTRACT

In omni-channel retailing, the combination of different retail channels along the different customer touchpoints has become the predominant purchasing pattern for customers. The consumers´ purchasing behavior has changed tremendously with the development of e-commerce. The so-called omni-channel customers tend to switch retail channels during their purchasing process. In order to address changing consumer behavior, omni-channel fashion retailing companies still need to learn how to be able to provide an excellent service to these customers. This chapter aims to investigate this phenomenon from the perspective of omni-channel customers.

INTRODUCTION

Retailing has changed fundamentally during the last decade (Neslin et al., 2006; Piotrowicz & Cuthbertson, 2014; Zhang et al., 2010). This development was mainly driven by technological and societal factors (Emrich, 2011; Hsieh & Tseng, 2018). In this context, the Internet was probably the most important technological invention (Patten & Rashid, 2015).

Several different kinds of leisure activities nowadays take place in the Internet. The use of social media websites, such as Facebook, Twitter or Instagram, has become an important activity of everyday life (Stokinger & Ozuem, 2015). The permanent usage of mobile devices together with the dominance of Social Media has created the situation, that customers virtually bring their whole social network to a store (Piotrowicz & Cuthbertson, 2014). The borders between offline and online activities are blurred, and retailers use Social Media as an important instrument of communication (Ozuem, Helal, Howell and Lancaster, 2018).

The result is that retailers are continuing to develop their online shops. Over the past few years, several different online retailing business models have developed in the market (for a review, see Bächle & Lehmann, 2010). During the initial phase, 'pure online players,' such as Amazon and eBay, launched their online shops. In the next phase, 'shopping comparison' websites appeared on the market. These players allowed customers to compare products on a single page and to read recommendations and critiques written by previous users. The 'optimization and scale-up' phase, which started from 2005, offered new system solutions and service providers. Since 2008, many brick-and-mortar retailers have been launching online shops as an addition to their offline channels and so have become multichannel retailers (Heinemann, 2013). Then, these retailers focussed on the integration of the different retail channels and offered 'cross-channel'- services, such as 'click and collect', the ability to order and return or exchange goods in-store, ordering while in-store, using own mobile device or self-service technology provided by the retailer (Piotrowicz & Cuthbertson, 2014). Ultimately, 'clicks and mortar' retailers aim to offer fully integrated channels to become omni-channel retailers (Saghiri, Wilding, Mena, & Bourlakis, 2017; Verhoef, Kannan, & Inman, 2015). This chapter will focus on omni-channel retailing. It will, therefore, aim to investigate the concept of integration in omni-channel retailing by considering the different elements of the retail mix. Furthermore, it will elaborate the key drivers of perceived omni-channel service quality.

THEORETICAL CONTEXT: THE CONCEPT OF INTEGRATION

Research about omni-channel retailing embraces the concept of "integration" of the different operated channels within an organization (Ailawadi & Farris, 2017). Channel integration initially meant that a retailer should provide a 'seamless' customer experience between stores and online shops; customers should be able to easily switch channels during their interaction with the retailer (Goersch, 2002; Seck, 2013). However, important questions remain unanswered yet: Does a seamless customer experience automatically mean a full integration? In other words, does it mean the more integrated the better? For retailers, the level of integration is a difficult managerial decision. They face various challenges since channels might be different regarding purposes and features, cost structure and competitors (Berry et al., 2010). Studies have investigated the optimal level of integration in certain areas. Related literature has devoted to several aspects of the retail-mix. Mainly, a special focus has been set on integration of assortment (Emrich, Paul, & Rudolph, 2015; Mantrala et al., 2009), pricing and promotions (Vogel & Paul, 2015; Wolk & Ebling, 2010), fulfilment (Agatz, Fleischmann, & Van Nunen, 2008; Lang & Bressolles, 2013; Wolk & Ebling, 2010; Xing, Grant, McKinnon, & Fernie, 2010), and web- and store design integration (Emrich & Verhoef, 2015). However, none of the aforementioned areas have been completely resolved yet. Quite the contrary, there are still several areas for further investigation (Verhoef et al., 2015).

With regard to the assortment strategy of a retailer, it is deemed necessary to overcome the complex duty to offer an attractive assortment on the one hand side but avoid choice difficulty on the other hand side (Mantrala et al., 2009). There is a controversy in the reviewed literature about the degree of assortment integration in omni-channel retailing. Some researchers argue, that the assortment does not necessarily need to be integrated, when the target customer of the two channels is different (Berry et al., 2010; Neslin & Shankar, 2009). This is not the case for omni-channel customers, who switch retail channels during their purchases. However, other researchers argue that product consistency is crucial to provide a seamless shopping experience for the customer (Berman & Thelen, 2004). In practice, most

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